



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

February 11, 2019

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF
FINANCIAL OFFICER, DOD
DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Oversight of the FY 2019 Defense Logistics Agency Statement on Standards of Attestation Engagement No. 18, System and Organization Controls Examination of the Service Owned Inventory in DLA Custody (Project No. D2019-D000FE-0099.000)

Our planned oversight will begin immediately. The Director, Defense Logistics Agency (DLA) requested a Statement on Standards for Attestation Engagements No. 18 (SSAE 18) examination of Service Owned Inventory in DLA Custody (SOIDC) for the period of October 1, 2018 through June 30, 2019. We contracted with the independent public accounting firm of Ernst and Young (EY), LLP to attest to the SSAE 18 examination of SOIDC for the period of October 1, 2018 through June 30, 2019. EY's objective is to issue an opinion on the DLA's description of the system supporting SOIDC and support services and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. Our objective is to provide contract oversight to determine whether EY complied with applicable attestation standards established by the American Institute of Certified Public Accountants and U.S. generally accepted government auditing standards while performing the SSAE 18 examination of SOIDC.

We will rely on the Government Accountability Office/President's Council on Integrity and Efficiency, Financial Audit Manual, section 670, "IG Oversight of Audits Performed by Contracted Independent Public Accounting (IPA) Firms," to design and perform oversight procedures to review EY's audit work, and if applicable, disclose instances in which EY did not comply, in all material respects, with U.S. generally accepted government auditing standards. Our review will not enable us to express an opinion on description of the system services or the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. We will provide oversight and review EY's work, but EY will be responsible for expressing those opinions.

Please provide us with a point of contact for the audit within **5 days** of the date of this memorandum. The point of contact should be a Government employee—a GS-15, pay band equivalent, or the military equivalent. Send the contact's name, title, grade/pay band, phone number, and e-mail address to audfmr@dodig.mil.

You can obtain information about the Department of Defense Office of Inspector General from DoD Directive 5106.01, "Inspector General of the Department of Defense (IG DoD)," April 20, 2012, as amended; DoD Instruction 7600.02, "Audit Policies," October 16, 2014, as amended; and DoD Instruction 7050.03, "Office of the Inspector General of the Department of Defense Access to Records and Information," March 22, 2013. Our website is www.dodig.mil.

If you have any questions, please contact [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]



Lorin T. Venable, CPA
Assistant Inspector General
Financial Management and Reporting